

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6872

BILL NUMBER: SB 307

NOTE PREPARED: Jan 29, 2008

BILL AMENDED: Jan 28, 2008

SUBJECT: Various Business Matters.

FIRST AUTHOR: Sen. Bray

FIRST SPONSOR: Rep. Bardon

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill:

- (1) Permits the disclosure of Social Security numbers for purposes of administration of the Uniform Commercial Code by the Secretary of State;
- (2) Codifies a memorandum of understanding between the Secretary of State and the Bureau of Motor Vehicles (BMV) to transfer responsibilities under: (A) IC 9-18-26 (dealer license plates); (B) IC 9-22-4 (licensing of vehicle salvaging); and (C) IC 9-31-4 (boat dealer licenses); from the BMV to the Secretary of State;
- (3) Amends the review procedures for a person denied a license to engage in: (A) vehicle salvaging; (B) the business of buying or selling motor vehicles; or (C) the business of selling boats;
- (4) Establishes the Dealer Compliance Account and deposits certain license and permit fees collected by the Secretary of State in the fund;
- (5) Provides that the Secretary of State (rather than the BMV) retains fees for: (A) boat dealers licenses; and (B) changes of business names or locations for boat dealers;
- (6) Provides that a boat dealer license is valid for one year. (Current law provides that the license is valid for two years.);
- (7) Requires all business entities and individuals to file certificates of assumed business names with the Secretary of State. (Current law requires the certificates be filed with both the county recorder and the Secretary of State.);
- (8) Eliminates the filing fee for designation or change of resident agent;
- (9) Reduces fees for electronic filings with the Secretary of State; and
- (10) Makes conforming amendments.

Effective Date: July 1, 2008.

Explanation of State Expenditures: The overall impact of this bill is expected to be a decrease in administrative expenditures for the Secretary of State (SOS).

Transfer of BMV Duties and Fees: The bill transfers duties dealing with dealer licence plates, licensing of vehicle salvaging, and boat dealer licenses from the BMV to the SOS. Due to a memorandum of understanding in effect, these duties currently are being undertaken by the SOS, and therefore this portion of the bill is not expected to have any fiscal impact.

Fees for Electronic Filings: The provisions which allow business entities to file documents electronically for a reduced fee is estimated to encourage more electronic filings, and in turn provide an administrative savings to the SOS. The amount of the savings is indeterminable, but the SOS's office reports that the estimated savings will totally offset the decrease in fee revenue.

Explanation of State Revenues: (Revised) *Transfer of BMV Duties and Fees:* The memorandum of understanding also provided for transfers of funding from the BMV to the SOS to fund the administration of the transferred responsibilities. The bill establishes the Dealer Compliance Account and deposits certain license and permit fees collected by the Secretary of State in the fund. It eliminates the distribution of funds collected for odometer compliance to the State Police (20%), the Attorney General (10%), the BMV (30%), and the Motor Vehicle Highway Account (40%) and changes the distribution to 30% to the Dealer Compliance Account and 70% to the Motor Vehicle Highway Account. The impact over time will depend upon the fees collected.

Fees for Electronic Filings: This bill specifies a lower fee schedule for filing documents with the SOS electronically. There is current statutory authority for the SOS to collect lower fees for some filings which are made electronically. The bill would extend this authority to a majority of the business documents that are required to be filed with the SOS. The lower fee schedule will decrease fee revenue between an estimated \$20,000 and \$60,000 annually beginning in FY 2009. The amount of the fee decrease will ultimately be determined by the increase in the number of business entities that file these documents electronically rather than by other means. The SOS's office estimates that this decrease will be totally offset by the administrative cost savings to the SOS from the increase in electronic filings rather than paper copy filings.

Explanation of Local Expenditures: It is estimated that the elimination of the requirement that business entities file certificates of assumed business names with the county recorder will result in an administrative cost savings to the county recorder. The amount of the savings is indeterminable and will ultimately depend upon the number of these filings which occurred in each county. The amount of any savings could be minimized by the decrease in fee revenue.

Explanation of Local Revenues: The elimination of the requirement that business entities file certificates of assumed business names with the county recorder will result in a decrease in fee revenue to the county recorder. Under current law a county recorder was able to charge a filing fee under IC 36-2-7-10 for the filing of these certificates. The amount of the decrease in fee revenue is indeterminable. It is estimated that any decrease in fee revenue could be offset to some extent by the administrative savings realized in no longer having to record these filings.

State Agencies Affected: Bureau of Motor Vehicles; Secretary of State.

Local Agencies Affected: County Recorder.

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